



**Commonwealth of Kentucky
Governor Ernie Fletcher's Communications Office**

**For Immediate Release
March 22, 2004**

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**Governor Ernie Fletcher requests an update to a 2000 draft audit of
Procurement Card controls**

***Governor Fletcher directs all cabinet secretaries to develop stricter
guidelines for ProCard use***

Frankfort, KY: In the administration's continued effort to eliminate waste, fraud and abuse, Governor Ernie Fletcher today made a request to state auditor Crit Luallen to update a draft audit of Procurement Card controls in state government.

The request comes as a result of Commerce Secretary Jim Host's initial probe into ProCard use in the Department of Parks, and the public response that followed. Governor Fletcher believes it is critical to ask the state auditor for a complete audit of the Procurement Card program to determine if further waste and abuse may have occurred. ProCard, a purchasing management program, was implemented in 1996 as a way to ensure a more efficient, cost-effective approach to small purchases by state agencies. The program began as an experimental program with three agencies and has grown, as one finance department official said, "totally out of control."

"It is my understanding that this program, which began as an experiment with three agencies, and in its start-up year of fiscal year 1997, involved 12,000 ProCard transactions and \$433,178 in total use, grew to \$50 million dollars in use during fiscal year 2000," stated Governor Fletcher. "There is no question this is a program that must be revamped, and I hope Auditor Luallen will make firm recommendations on how management and controls can be improved in her updated audit."

Former state auditor Ed Hatchett examined the ProCard program controls for fiscal year 2000, however, that draft audit was never released to the public. Luallen made administration officials aware of this initial draft. The draft audit revealed weak controls had become a problem in a program that was only three years old at the time.

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“There is no question an audit of this program needs to be completed and made public,” stated State Auditor Crit Luallen. “I am glad the Governor has asked me to update the previous draft. We have many volumes of data already in existence which will help us make recommendations to the Governor to help him provide better management and oversight of this program.”

In addition to calling for an updated audit on ProCard use, Governor Ernie Fletcher also directed Finance and Administration Secretary Robbie Rudolph to develop updated and stricter management guidelines for the ProCard program. Each cabinet secretary will then be responsible for ensuring these guidelines are respected.

“The Finance and Administration Cabinet will establish a policy this week to strengthen the management approval process and provide for a monthly reporting of all ProCard purchases,” stated Sec. Rudolph. “In addition, agencies will be required to create their own internal controls to ensure separation of duties and compliance with the Commonwealth’s procurement practices.”

“I am committed to eliminate waste, fraud, and abuse in state government,” stated Gov. Fletcher. “I appreciate Auditor Luallen agreeing to update the first audit, which for some reason never was completed. I am hopeful her recommendations will show considerable savings that can come from better management practices of this procurement program.”

*** For more information regarding the audit, please contact Jeff Derouen, Communications Director for State Auditor Crit Luallen, at 502-573-0050.

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